

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-01 INR-10
L-03 NSAE-00 NSC-05 PA-01 SP-02 SS-15 ICA-11
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EB-08 FAA-00 IO-13 /102 W
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P R 071710Z SEP 78
FM AMEMBASSY REYKJAVIK
TO SECSTATE WASHDC PRIORITY 8716
INFO AMEMBASSY COPENHAGEN
AMEMBASSY OSLO
USMISSION USNATO
COMICEDEFOR KEFLAVIK IC
CINCLANT NORFOLK VA
CINCEUR VAIHINGEN GE

C O N F I D E N T I A L SECTION 1 OF 2 REYKJAVIK 1209

E.O. 11652: GDS
TAGS: PINT, MARR, IC
SUBJECT: NEW FOREIGN MINISTER'S COMMENTS ON GOVERNMENT FORMATION
AND DEFENSE POLICY

REF: (A) REYKJAVIK 0821 DTG 201222Z JUN 78
(B) REYKJAVIK 1200 DTG 071139Z SEP 78

AT REQUEST OF FOREIGN MINISTRY, ALL CHIEFS OF MISSION
RESIDENT IN ICELAND MADE BRIEF INDIVIDUAL COURTESY CALLS ON
NEW FOREIGN MINISTER BENEDIKT GRONDAL. DURING COURSE OF
CONVERSATION WITH CHARGE, GRONDAL PROVIDED SOME INSIGHTS
INTO FORMATION OF NEW GOVERNMENT AND DISCUSSED CONFLICTING
INTERPRETATIONS OF NEW GOVERNMENT'S FOREIGN POLICY STATE-
MENT. ON SEVERAL OCCASIONS GRONDAL REITERATED HIS STRONG
COMMITMENT TO NATO AND TO PRESENCE OF KEFLAVIK NATO BASE.

COMPOSITION OF NEW PARLIAMENT -
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GRONDAL NOTED THAT DESPITE INDIVIDUAL PARTY AFFILIATIONS
OF NEW ALTHING MEMBERS, ALTHING NOW HAS MORE PRO-NATO
AND PRO-BASE MEMBERS THAN DID EITHER TWO PREVIOUS ALTHINGS,
A FACTOR, HE SAID, WHICH DEFINITELY HELPS INSURE CONTINUA-
TION OF CURRENT DEFENSE AND FOREIGN POLICIES. HE DID
NOTE, HOWEVER, THAT AS RESULT OF NEW ADDITIONS TO PEOPLE'S
ALLIANCE (PA) PARLIAMENTARY GROUP, PA MAY BE MORE MILITANT

IN OPPOSITION TO BASE THAN WAS CASE IN PREVIOUS ALTHING. GRONDAL TOOK OPPORTUNITY TO REITERATE HIS PERSONAL AND HIS PARTY'S CONTINUING COMMITMENT TO, AND SUPPORT OF, ICELAND'S MEMBERSHIP IN NATO AND PRESENCE OF DEFENSE FORCE, AND HE REFERRED TO STATEMENT HE MADE IN THIS REGARD IN PRE-ELECTION CAMPAIGNING (REF A).

FOREIGN POLICY ISSUES -

AFTER COMMENTING ON SOME OF THE PROBLEMS THAT HAD BEEN INVOLVED IN FORMATION OF PRESENT GOVERNMENT, WHICH MAINLY CENTERED AROUND TRADITIONAL RIVALRIES BETWEEN SOCIAL DEMOCRATS (SDP) AND PA, GRONDAL REMARKED THAT HE PERSONALLY HAD BEEN SINGLED OUT BY PEOPLE'S ALLIANCE MILITANTS AS PERSON RESPONSIBLE FOR FAILURE OF PA CHAIRMAN LUDVIK JOSEFSSON TO BECOME PRIME MINISTER. PA PEOPLE HAD ACCUSED GRONDAL OF BEING "NATO AND US PUPPET WHOSE STRINGS WERE BEING PULLED FROM BRUSSELS". GRONDAL TOLD CHARGE THAT THESE ACCUSATIONS DIDN'T BOTHER HIM SINCE HE HAS BEEN ACCUSED BY LEFTIST MILITANTS FOR MANY YEARS OF BEING CONTROLLED BY US AND HE IS NOW IMMUNE TO SUCH ACCUSATIONS.

GRONDAL NOTED THAT SOCIAL DEMOCRATS, PA AND PROGRESSIVE PARTY (PP) WERE UNDER HEAVY PRESSURE TO ARRIVE AT SOME SORT OF AGREEMENT BEFORE SEPTEMBER 1 AND THAT PUBLIC WAS GROWING IMPATIENT WITH ALL POLITICAL PARTIES AFTER CONFIDENTIAL

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NEARLY 10 WEEKS OF NEGOTIATIONS ON GOVERNMENT FORMATION. BECAUSE OF PRESSURES, MUCH OF NEW GOVERNMENT'S PROGRAM IS RESULT OF ELEVENTH HOUR COMPROMISES. DEFESNE AND FOREIGN AFFAIRS PROVISION, GRONDAL SAID, REPRESENT SIGNIFICANT COMPROMISE BY PA WHICH INITIALLY WANTED TO HOLD OUT FOR VIRTUAL VETO POWER OVER ANY DEVELOPMENT CONCERNING NATO OR BASE, BUT PA HAD FINALLY SETTLED FOR PROVISION REQUIRING CABINET APPROVAL ONLY ON "MAJOR CONSTRUCTION PROJECTS" AT BASE. (NOTE: ACTUAL GOVERNMENT STATEMENT IS BROADER SINCE IT REFERS TO ALL "MAJOR PROJECTS" NOT JUST CONSTRUCTION UNDERTAKINGS.) BECAUSE PROVISION WAS ACCEPTED AT LAST MINUTE, DETAILS AND INTERPRETATIONS OF IT HAVE NOT AS YET BEEN WORKED OUT, ACCORDING TO GRONDAL.

CHARGE ASKED WHICH BASE RELATED PROJECTS WERE LIKELY TO BE COVERED BY THIS FOREIGN POLICY PROVISION. GRONDAL REPLIED IN STRONG TERMS THAT PROVISION DID NOT REPEAT NOT AFFECT AWACS DEPLOYMENT, BASE GEOTHERMAL HEATING PROJECT, CONTROL TOWER CONSTRUCTION, OR ANY INCREMENTAL INCREASES TO BASE HOUSING. HE SAID THESE PROJECTS HAD EITHER ALREADY BEEN INITIATED OR WERE NOT CONSIDERED TO BE LARGE ENOUGH TO BE CLASSIFIED AS

MAJOR CONSTRUCTION UNDERTAKINGS. HE NOTED AS AN EXAMPLE THAT AWACS, AS FAR AS HE WAS CONCERNED, WAS SIMPLY REPLACING OLD AIRCRAFT WITH NEW ONES AND ANY HANGAR IMPROVEMENTS TO ACCOMMODATE NEW AIRCRAFT WERE CLEARLY ONLY MINOR IMPROVEMENTS.

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C O N F I D E N T I A L SECTION 2 OF 2 REYKJAVIK 1209

PROJECT WHICH IS AT CENTER OF DISPUTE AMONG COALITION PARTIES, GRONDAL NOTED, WAS PROPOSED AIR TERMINAL. GRONDAL SAID THAT SINCE TERMINAL WAS INTENDED PRIMARILY FOR ICELANDIC CIVILIAN USE, STRONG CASE COULD BE MADE FOR MOVING AHEAD ON IT AS SOON AS POSSIBLE. HOWEVER, HE CONTINUED, PA SPOKESMEN WERE ARGUING THAT ANY DECISION TO PROCEED WITH TERMINAL CONSTRUCTION WOULD REQUIRE CONCURRENCE OF ENTIRE CABINET SINCE IT IS PA'S CONTENTION THAT TERMINAL WOULD BE "MAJOR CONSTRUCTION PROJECT" ON BASE. (EMBASSY COMMENTS ON TERMINAL ISSUE FORWARDED IN REF B) GRONDAL SAID HE IS NOW IN PROCESS OF EXAMINING ALL DETAILS AND BACKGROUND RELATED TO TERMINAL PROJECT IN ORDER TO BE FULLY INFORMED FOR FUTURE DISCUSSIONS WITHIN GOVERNMENT ON THIS UNDERTAKING.

HE NOTED THAT HE PLANS TO GET TOGETHER WITH AMBASSADOR PAUL TRYGVASSON, HEAD OF THE DEFENSE DIVISION IN FOREIGN MINISTRY, TO DETERMINE IF THERE ARE ANY

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OTHER UPCOMING MAJOR CONSTRUCTION PROJECTS CONNECTED
WITH THE BASE. HE ADDED THAT BASED ON BRIEF INITIAL
DISCUSSIONS WITH AMBASSADOR TRYGVASSON, E DOES NOT
BELIEVE THERE ARE ANY NEW PROJECTS IN THIS CATEGORY.
CHRISTENSEN

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